

SO ORDERED.



Dated: June 21, 2010

A handwritten signature in black ink, appearing to read "Redfield T. Baum", is written over a horizontal line.

REDFIELD T. BAUM, SR
U.S. Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
THE DISTRICT OF ARIZONA

In re:

SEDONA DEVELOPMENT PARTNERS,
LLC; and THE CLUB AT SEVEN CANYONS,
LLC

Debtors.

Chapter 11 Proceedings

Case No. 2:10-bk-16711-RTBP
Case No. 2:10-bk-16714-RTBP

Jointly Administered Under
Case No. 2:10-bk-16711-RTBP

**STIPULATED INTERIM ORDER FOR
DEBTOR'S USE OF CASH**

Upon consideration of Sedona Development Partners, LLC's ("SDP") and The Club at Seven Canyons, LLC's (the "Club") (collectively the "Debtors") "Motion for Interim Authorization to Use Cash Claimed as Collateral" ("Motion to Use Cash") and the agreement and stipulation between the Debtors and Specialty Financial and Specialty Trust, Inc. (collectively, "Specialty"), as evidenced by their respective counsel's signatures below, and good cause appearing therefore,

THE COURT HEREBY FINDS as follows:

1. On May 27, 2010, Debtors filed their voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Arizona.
2. Debtors are authorized to operate their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.
3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §1334.

1 4. The subject matter of this motion is a core proceeding under 28 U.S.C.
2 §157(b)(2)(A), (M).

3 5. SDP owns an 18-hole golf course and related amenities, including luxury villas, a
4 practice park, range house, tennis courts and related facilities in Sedona, Arizona, known generally
5 as Seven Canyons (the “Property”).

6 6. The Club operates the golf course and related facilities for SDP.

7 7. SDP is the manager and sole member of the Club.

8 8. Nearly all of the Debtors’ revenue is derived from the golf course and related
9 facilities owned by SDP and operated by the Club.

10 9. In connection with the acquisition, development, and operation of the Property, SDP
11 entered into a series of loan transactions with Specialty (the “Loans”).

12 10. At present, Specialty claims that there exists a principal balance due and owing
13 under the Loans in excess of \$54,384,000.

14 11. Specialty alleges that, among other things, one or more of the parcels comprising the
15 Property serve as collateral for the Loans.

16 12. As represented in the budget attached hereto as Exhibit “A” and incorporated herein
17 by this reference (the “Budget”), the Debtors’ revenues derive from the following sources
18 (collectively, these revenues shall hereinafter be referred to as the “Income”):

- 19 a. Dues from members of the Seven Canyons golf club;
- 20 b. Dues from owners of fractional interests in the luxury villas;
- 21 c. Greens fees paid by members and their guests for the use of the golf
22 course;
- 23 d. Greens fees paid by walk-up golfers for the use of the golf course;
- 24 e. The sale of food and beverages;
- 25 f. The sale of golf-related merchandise at the golf course;
- 26 g. Certain other miscellaneous revenue such as golf lessons, cart fees,
27 etc.; and
- 28 h. Administrative fees received from the villas’ homeowners’
association.

13. The Budget shows the amount of Income that is expected to be generated in the next

1 90 days, and the manner in which the Income will be used to pay the Debtors' ordinary and
2 necessary expenses.

3 14. With one exception, the expenses reflected in the Budget reflect the ordinary and
4 necessary operating expenses of the Property, including, among other things, the payment of (a)
5 salaries to the Debtors' employees who are absolutely necessary to maintain the golf course and to
6 provide the services necessary to generate the Income; (b) utilities, including electricity and water
7 expenses essential to the Property's continued operations and maintenance of the golf course; (c)
8 leases for equipment used on the golf course, including golf carts; (d) insurance; and (e)
9 management fees to Scottsdale Golf Group, the company that manages the golf course for the
Debtors.

10 15. The Budget also reflects a one-time line item, in the amount of \$24,000, for the
11 repair of well pump #3 at the Property necessary to keep the golf course watered and green ("Well
12 Pump #3 Expenses").

13 16. Furthermore, the Budget does not reflect certain other costs associated with the
14 repair of well pump #4 and certain other aspects of the irrigation system ("Well Pump #4 and
15 Irrigation Expenses") in an amount that is currently unknown.

16 17. Specialty asserts that portions of the Income constitute its "cash collateral" as that
17 term is used and defined in the United States Bankruptcy Code.

18 18. The Debtors dispute that any of the Income constitutes "cash collateral."

19 19. Nevertheless, to avoid a potentially time consuming debate and litigation by and
20 between the Debtors and Specialty regarding the nature of the Income and Specialty's alleged
21 security interest in the Income, the Debtors and Specialty have agreed that the Debtor may use the
22 Income to pay (a) the Debtor's ordinary and necessary operating expenses pursuant to the Budget,
23 plus a 10% variance on the entire budget, through and including July 7, 2010, (b) the Well Pump #3
Expenses, and (c) the Well Pump #4 and Irrigation Expenses.

24 IT IS HEREBY ORDERED as follows:

25 A. Subject to the other provisions of this Order, the Debtors may use the Income for (a)
26 the items identified in the Budget, up to the corresponding amounts (subject to a maximum
27 variance of 10%) for each category identified in the Budget, (b) the Well Pump #3 Expenses, and
28 (c) the Well Pump #4 and Irrigation Expenses.

1 B. All Income after payment of such expenses shall be held by the Club in the Club's
2 post-petition debtor-in-possession operating accounts, and will not be used without further
3 authority of the Court or Specialty's prior written agreement.

4 C. Debtors shall provide to Specialty the invoices or other appropriate documentation
5 reflecting the costs associated with the Well Pump #3 Expenses and the Well Pump #4 and
6 Irrigation Expenses.

7 D. This Order shall expire at 5 p.m., Arizona time, on July 7, 2010 unless otherwise
8 extended by further Order of the Court or pursuant to an agreement by the parties.

9 E. Nothing contained in this Order shall be deemed or construed to waive, reduce or
10 otherwise diminish the rights of either the Debtors or Specialty to, among other things, (a) seek
11 additional or further relief from the Court with respect to the use of the Income, or to restrict such
12 use; (b) seek a determination from the Court regarding the nature and/or extent of Specialty's
13 alleged lien in the Income or any portion thereof; or (c) seek a determination whether the Income
14 constitutes "cash collateral" as that term is used and defined in the Bankruptcy Code.

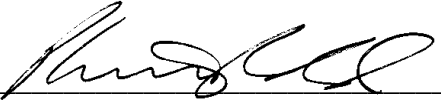
15 F. This Order shall be binding on Specialty and the Debtors, and any and all assigns
16 and/or successors-in-interest to any of these persons or entities, including but not limited to, any
17 trustee in a Chapter 11 or 7 proceeding if the case is converted.

18 SO ORDERED: _____.

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20
21 _____
22 Hon. Redfield T. Baum
23 United States Bankruptcy Judge
24
25
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1 Stipulated and Agreed to this
2 15th day of June, 2010:

3 Counsel for the Debtors:

4 By: 

5 John J. Hebert
6 Philip R. Rudd
7 Wesley D. Ray
8 POLSINELLI SHUGHART, PC
9 Security Title Plaza
10 3636 N. Central Ave., Suite 1200
11 Phoenix, AZ 85012

12 Counsel for Specialty

13 By: _____

14 Joseph E. Cotterman
15 Nathan W. Blackburn
16 GALLAGHER & KENNEDY, P.A.
17 2527 E. Camelback Road
18 Phoenix, AZ 85016-9225
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2 ____ day of June, 2010:

3 Counsel for the Debtors:

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11 Phoenix, AZ 85012

12 Counsel for Specialty

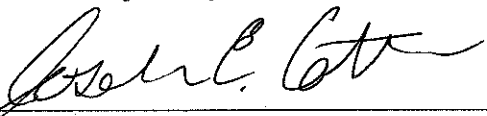
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EXHIBIT A

Sedona Development Partners	1				
Forecast Cash Flows for Court Reporting	2				
June to September, 2010	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
Receipts:	11	June	July	August	Total
Dues - Full golf	12	53,300	53,300	53,300	159,900
Dues - Fractionals	13	36,800	36,800	36,800	110,400
Green fees - member/guests	14	74,689	41,605	25,295	141,588
Green fees - walk on	15	60,300	31,323	16,958	108,580
Restaurant	16	82,767	44,461	37,331	164,560
Merchandise	17	10,400	6,300	5,900	22,600
Other revenues	18	5,000	10,029	8,169	23,198
Administration fee - Villas	19	33,784	33,784	33,784	101,352
	20				
Total receipts	21	357,040	257,601	217,536	832,178
Disbursements:	22				
Payroll, taxes & WC	23	117,288	169,394	112,332	399,014
Benefits	24	11,292	11,292	11,292	33,875
Utilities	25	13,778	23,778	23,429	60,985
Proshop supplies	26	0	1,550	550	2,100
Course maintenance	27	0	17,696	17,696	35,392
Golf cart leases	28	6,653	6,653	6,653	19,958
Lease payments	29	35,464	35,464	35,464	106,393
Computer support	30	0	5,200	5,200	10,400
Management fees	31	1,000	24,000	24,000	49,000
Insurance	32	3,000	3,000	3,000	9,000
Property taxes	33	0	0	0	0
Members promo	34	0	2,200	2,200	4,400
Member promotions	35	0	0	0	0
Trustees fees	36	0	1,950	0	1,950
Other costs	37	0	17,308	18,143	35,452
Allocation in - Roads	38	12,596	12,596	12,596	37,788
Allocation in - Villas	39	10,601	10,601	10,601	31,803
	40				
	41	211,671	342,682	283,156	837,510
Food, bev & merchandise	42	21,711	18,411	18,363	58,485
	43				
Total costs	44	233,382	361,093	301,519	895,995
Capital expenditures	45	0	0	0	0
Well pump #3	46	24,000	0	0	24,000
Well pump #4	47	0	0	0	0
Other	48	0	0	0	0
	49				
Total disbursements	50	257,382	361,093	301,519	919,995
	51				
Net cash flow	52	99,658	-103,492	-83,983	-87,817
Opening cash	53	97,500	197,158	93,667	97,500
	54				
Closing cash	55	197,158	93,667	9,683	9,683
	56	=====	=====	=====	=====